

## **CAR ADS: LOW INTEREST LOANS AND OTHER OFFERS**

Some new car dealers may advertise unusually low interest rates and other special promotions such as high trade-in allowances and free or low-cost options. While these advertisements may help you shop, finding the best deal requires careful comparison.

There are many factors that determine whether a special offer provides genuine savings. The interest rate, for example, is only part of the car dealer's financing package. Other terms, such as the size of the down payment, also affect the total financing cost. Be sure to consider all aspects of a financing plan before you sign a contract.

When considering an advertised special, read or listen to the ad carefully and call or visit the dealer to find out about all the terms and conditions of the offer. Then compare the specials advertised by other dealers. Listed below are some financing questions you should consider when talking to dealers:

- Will you be charged a higher price for the car to qualify for the low-rate financing? Would the price be lower if you paid cash or supplied your own financing from your bank or credit union?
- Does the financing require a larger-than-usual down payment, for example, 25 or 30 percent?
- Are there limits on the length of the loan? In other words, are you required to repay the loan in a shorter period of time, such as 24 or 36 months?
- Do you have to buy special or extra merchandise or services, such as rustproofing, an extended warranty, or a service contract to qualify for a low interest loan?
- Is the financing available for a limited time only? Some merchants limit special deals to a few days or require that you take delivery by a specified date.
- Does the low rate apply to all cars in stock or only to certain models?
- Are you required to give the dealer the manufacturer's rebate (if one is offered) to qualify for financing?

Other special promotions include high trade-in allowances and free or low-cost options. Some dealers also promise to sell you a car for a stated amount over the dealer's invoice. The following questions can help you determine if such special promotions offer genuine value.

- Does the advertised trade-in allowance apply to all cars, regardless of their condition? Are there any deductions for high mileage, dents, or rust?
- Does the larger trade-in allowance make the cost of the new car higher than it would be without the trade-in? You might be giving back the big trade-in allowance by paying more for your new car.
- Is the dealer who offers high trade-in allowance and free or low-cost options actually giving you a better price on the car than another dealer who does not offer such promotions?
- Does the "dealer's invoice" reflect the actual amount that the dealer pays the manufacturer? You can consult consumer or automotive publications for information about what the dealer pays.
- Does the "dealer's invoice" include the cost of options, such as rustproofing or water-proofing, that already have been added to your car? Is the dealer charging more for these options than other dealers?
- Does the dealer have cars in stock without expensive added options? If not, will the dealer order one for you?
- Are the special offers available if you order a car instead of buying one off the lot?
- Can you take advantage of all special offers simultaneously?

Remember, you are not limited to financing offered by the dealer. You may wish to see what type of loan you can arrange with your bank or credit union.

Once you decide which dealer offers the car and financing you want, read the invoice and the installment contract carefully. Check to see that all the terms of the contract reflect the agreement you made with the

dealer. If they differ, get a written explanation before you sign. Careful shopping will help you decide what financing, car, and options are best for you.

Finally, if you are seriously considering purchasing a particular used vehicle, you might want to take that vehicle to an auto service and body shop for a vehicle inspection. Some local shops specialize in providing this service for \$50 to \$100. You may learn if the vehicle has sustained any body damage or requires any expensive mechanical repairs. You can make an informed decision or you may be able to negotiate a price to reflect the necessary repairs. If the vehicle receives a good report, you will at least have peace of mind about your decision.